

Internal Revenue Service
Director, Exempt Organizations

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Release Number: **200950045**

Release Date: 12/11/09

Date: 9/14/09

Employer Identification Number:

Person to Contact - ID#:

Contact Telephone Number:

UIL Code 4945.04-04

LEGEND

B= Foundation
C= Individual
D= Location

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) and section 4945(g)(3) of the Internal Revenue Code, dated May 29, 2009.

Our records indicate that B was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a) of the Code.

B proposes to further charitable and educational purposes by awarding grants to individuals.

(1) Scholarship grants to C to study at the undergraduate or graduate level at an accredited college or university in the United States of America or Europe.

(2) Grants to individuals to assist them in completing artistic, cultural, musical, literacy and educational projects, including, without limitations, books, works of art, musical, dance or theatrical compositions, and scholarly research.

A. The Scholarship Grant Procedures

The B scholarship procedures are:

a. B expects to award up to a least one scholarship grant annually (so long as at least one suitable candidate of quality can be identified) to enable C to study at the undergraduate or graduate level at an accredited college or university in the United States of America or Europe.

b. Scholarship grant recipients will be chosen from among those qualified individuals who have submitted applications and letters of recommendation. The applications should include details of their academic

backgrounds and their proposed plans of study. Qualified individuals will consist of those C who are currently enrolled at or who have applied for admission to, an accredited college or university in the United States of America at the undergraduate or graduate level.

c. B will publicize the availability of the scholarship grants and solicit scholarship grant applications through announcements in national newspapers in D and through postings on bulletin boards at academic institutions in D, the United States of America and on the B's website.

d. A committee consisting of the individuals who serve time to time on B's Board of Directors (the "Scholarship Grant Selection Committee") will select scholarship grant recipients annually based on their academic potential, proposed plans of study, and demonstrated initiative and leadership qualities. B's Executive Director will review grant applications and advise the Scholarship Grant Selection Committee regarding the selection of scholarship grant recipients. All scholarship grant recipients will be selected on an objective and non-discriminatory basis without regard to race, gender, religion or sexual orientation.

e. Each scholarship grant will be for a term of one year, and will be renewable for one additional year, provided that (i) the scholarship grant recipient continues to be enrolled as a full-time student at an accredited college or university in the United States or Europe, (ii) the scholarship grant recipient submits to B, in a timely manner, his or her academic transcript verified by the applicable college or university and a statement that the scholarship grant funds have not been diverted for a purpose inconsistent with B's charitable or educational purposes, and (iii) there is no indication from the documents submitted by the scholarship grant recipient or any other independent investigation that the scholarship grant recipient is diverting scholarship grant funds for an improper purpose.

f. Each scholarship grant will be in an amount sufficient to pay for (i) tuition and course-related fees, books, supplies and equipment at the college or university that the scholarship grant recipient is or will be attending; (ii) room, board and housing-related expenses at the college or university, if the scholarship grant recipient is able to obtain college or university-providing housing; (iii) rent, utilities and housing-related expenses if the scholarship grant recipient is not able to obtain college or university-provided housing; (iv) travel expenses to and from the scholarship grant recipient's residence to the college or university; (v) a computer, if needed by the scholarship grant recipient; and (vi) any other necessary living or educational expenses incurred by the scholarship grant recipient.

g. In the case of tuition, course-related fees, books, supplies and equipment, as well as room, board and housing-related expenses, B will pay, to the extent possible, the scholarship grant funds directly to the applicable college or university that the scholarship grant recipient is attending. In the case of travel, computer, and other necessary living and educational expenses, B will either pay the applicable vendor or service provider directly or will reimburse the scholarship grant recipient once he or she has substantiated the expenses incurred with receipts or other supporting documentation.

h. The members of the Scholarship Grant Selection Committee will not be in a position to derive a private benefit, directly or indirectly, if certain potential scholarship grant recipients are recommended or selected, as the case may be, over others.

i. No scholarship grants will be made (i) to substantial contributors of B, (ii) to directors or officers of B, (iii) to any members of the Scholarship Grant Selection Committee, (iv) to any family members of any of the persons listed in clauses (i) through (iii) above, or (v) to any disqualified person with respect to B. In addition, no scholarship grants will be made for a purpose that is inconsistent with B's charitable and educational purposes.

j. Each scholarship grant recipient will be required to submit to B, at the end of any academic year in which he or she has received a scholarship grant, a report consisting of a copy of the recipient's academic transcript verified by the applicable college or university and a statement that the scholarship grant funds have not been diverted for a purpose inconsistent with B's charitable or educational purposes.

k. In the event that a scholarship grant recipient fails to comply with the terms and conditions of the scholarship grant (including the requirement to submit a report at the end of any academic year in which the scholarship grant recipient has received a scholarship grant), as set forth in a written letter of agreement between B and the scholarship grant recipient, B will conduct an investigation and take all reasonable and appropriate steps to recover any funds that the scholarship grant recipient has used for an improper purposes.

B. The Project Grant Procedures.

B's Project Grant Procedures are:

a. B expects to award up to at least one project grant annually (so long as at least one suitable candidate of quality can be identified) to enable individuals to complete artistic, cultural, musical, literary and educational projects, including, without limitations, books, works of art, musical, dance or theatrical compositions, and scholarly research.

b. Project grant recipients will be chosen from among those individuals who have submitted applications to B detailing the projects for which they are seeking funds to complete.

c. Applications for project grants will be solicited by B through postings on B's website.

d. A committee consisting of the individuals who serve time to time on B's Board of Directors (the "Project Grant Selection Committee") will select project grant recipients annually based on the merit of the recipient's project and its expected contribution to the arts, culture, literature or education. B's Executive Director will review grant applications and advise the Project Grant Selection Committee regarding the selection of scholarship grant recipients. All project grant recipients will be selected on an objective and non-discriminatory basis without regard to race, gender, national origin, ethnicity, or sexual orientation.

e. Each project grant will be in an amount sufficient to pay for completion of the project.

f. Payment of the project grant funds will be made directly to the individual grant recipients.

g. Project grant recipients will be required to submit annual reports detailing the use of the project grant funds and the progress the project grant recipient has made toward completing the project for which the project grant was made, as well as accounting for the funds that have been spent up to the date of the report. Upon final expenditure of the grant funds, the project grant recipient will be required to submit a final report describing the project grant recipient's accomplishments with respect to the grant and accounting for all the funds received under the grant. In the event that a project grant recipient fails to comply with the terms and conditions of the project grant (including the requirement to submit an annual report), as set forth in a written grant agreement between B and the project grant recipient, B will conduct an investigation and take all reasonable and appropriate steps to recover any funds that the project grant recipient has used for an improper purpose.

h. The members of the Project Grant Selection Committee will not be in a position to derive a private benefit, directly or indirectly, if certain potential project grant recipients are recommended or selected, as the case may be, over others.

i. No project grants will be made (i) to substantial contributors of B, (ii) to directors or officers of B, (iii) to any member of the Project Grant Selection Committee, (iv) to any family members of any of the person listed in clauses (i) through (iii) above, or (v) to any disqualified person with respect to B. In addition, no project grants will be made for a purpose that is inconsistent with B's charitable and educational purposes.

j. In the event that a project grant recipient fails to comply with the terms and conditions of the project grant (including the requirement to submit annual reports and a final report once the grant funds have been fully expended), as set forth in a written letter of agreement between B and the project grant recipient, B will conduct an investigation and take all reasonable and appropriate steps to recover any funds that the project grant recipient has used for an improper purposes.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements